

STATE BUDGET AND CONTROL BOARD  
MEETING OF May 15, 2007

REGULAR SESSION  
ITEM NUMBER 6

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AGENCY: General Services Division

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SUBJECT: State Board of Technical and Comprehensive Education Lease

The State Board of Technical and Comprehensive Education currently occupies 28,697 square feet of office space in Columbia, at 111 Executive Center Drive, Enoree Building, to house its staff of 82. The current lease expires June 30, 2007. The State Board has occupied this space since July 1990 and wishes to extend the current lease. The proposed lease is for a term of five years. The proposed lease rental rate is \$12.00 per square foot and increases at three percent per year. Actual operating expenses are limited to actual costs, not to exceed increases of five percent per year. The rent for the first year is \$344,364. Assuming operating expenses increase at five percent per year, the maximum rent over the five year term is \$1,860,713.48. The lease was approved by JBRC at its May 2, 2007, meeting.

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BOARD ACTION REQUESTED:

Approve the proposed lease for the State Board for Technical and Comprehensive Education at 111 Executive Center Drive in Columbia for a term of five years with a maximum rent of \$1,860,713.48 over the term of the lease.

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ATTACHMENTS:

Agenda item worksheet; Lease Summary; SC Code Section 1-11-55 and 1-11-56

## BUDGET AND CONTROL BOARD AGENDA ITEM WORKSHEET

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Meeting Scheduled for: May 15, 2007

Regular Agenda

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**1. Submitted by:**

- (a) Agency: General Services Division
- (b) Authorized Official Signature:

  
M. Richbourg Roberson, Director

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**2. Subject:** State Board of Technical and Comprehensive Education Lease

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**3. Summary Background Information:**

The State Board of Technical and Comprehensive Education currently occupies 28,697 square feet of office space in Columbia, at 111 Executive Center Drive, Enoree Building, to house its staff of 82. The current lease expires June 30, 2007. The State Board has occupied this space since July 1990 and wishes to extend the current lease. The proposed lease is for a term of five years. The proposed lease rental rate is \$12.00 per square foot and increases at three percent per year. Actual operating expenses are limited to actual costs, not to exceed increases of five percent per year. The rent for the first year is \$344,364. Assuming operating expenses increase at five percent per year, the maximum rent over the five year term is \$1,860,713.48. The lease was approved by JBRC at its May 2, 2007 meeting.

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**4. What is the Board asked to do?** Approve the proposed lease for the State Board for Technical and Comprehensive Education in Columbia for a term of five years.

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**5. What is recommendation of Board Division involved?** Approve the proposed lease.

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**6. List of Supporting Documents:**

- (a) Lease Summary
- (b) SC Code Section 1-11-55 and 1-11-56

# STATE BOARD FOR TECHNICAL & COMPREHENSIVE EDUCATION SUMMARY OF LEASE

## **CURRENT LEASE**

The State Board for Technical and Comprehensive Education has been at 111 Executive Center Drive Enoree Building in Columbia since 1990. The current lease, at \$12.00 per SF, expires June 30, 2007. A solicitation for new space was made and after reviewing other possible sites, State Board elected to renew the lease in their present location.

## **PROPOSED LEASE**

Lease Approved by: Hub Properties Trust, Jennifer B. Clark, Sr VP  
State Board for Tech & Comp Educ/Scott Ludlow, VP of Finance  
CHE approval not required

Adequate Funds: Yes; budget approval form received April 17, 2007

Multi-Year Plan: Yes, included in budget approval form

Up-fit Cost Fair: Yes, included in rental rate

Space Allocation: 82 FTEs / 350 SF per FTE (5,188 SF of special use space reduces the per FTE space allocation to 287 SF)

Fair Rate:

Date	Agency/Property	Address	Rate
01/07/07	Ethics Commission	5000 Thurmond Mall	\$13.72
03/01/06	Social Services	240 Stoneridge Dr	\$15.40
05/01/06	Education Lottery	1333 Main St	\$14.00

Owner: Hub Properties Trust c/o Reit Management & Research LLC

Use: Office space

Location: 111 Executive Center Drive, Enoree Building, Suite 100, Columbia

Size: 28,697 SF

Term: Five years

Option: N/A

Source of Funds: State appropriations

Rent Schedule:

Year	Date	Base	Operating	Rate/SF	Rent
1	7/1/2007	6.70	5.30	12.00	344,364.00
2	7/1/2008	6.90	5.56	12.46	357,564.62
3	7/1/2009	7.11	5.84	12.95	371,626.15
4	7/1/2010	7.32	6.13	13.45	385,974.65
5	7/1/2011	7.54	6.44	13.98	401,184.06
	Total:				\$1,860,713.48
	Average:			\$12.97	\$372,142.70

The base rate increases 3% per year and increases in operating expenses are limited to actual costs, not to exceed 5% annually.

**SECTION 1-11-55. Leasing of real property for governmental bodies.**

(1) "Governmental body" means a state government department, commission, council, board, bureau, committee, institution, college, university, technical school, legislative body, agency, government corporation, or other establishment or official of the executive, judicial, or legislative branches of this State. Governmental body excludes the General Assembly, Legislative Council, the Office of Legislative Printing, Information and Technology Systems, and all local political subdivisions such as counties, municipalities, school districts, or public service or special purpose districts.

(2) The Budget and Control Board is hereby designated as the single central broker for the leasing of real property for governmental bodies. No governmental body shall enter into any lease agreement or renew any existing lease except in accordance with the provisions of this section.

(3) When any governmental body needs to acquire real property for its operations or any part thereof and state-owned property is not available, it shall notify the Office of General Services of its requirement on rental request forms prepared by the office. Such forms shall indicate the amount and location of space desired, the purpose for which it shall be used, the proposed date of occupancy and such other information as General Services may require. Upon receipt of any such request, General Services shall conduct an investigation of available rental space which would adequately meet the governmental body's requirements, including specific locations which may be suggested and preferred by the governmental body concerned. When suitable space has been located which the governmental body and the office agree meets necessary requirements and standards for state leasing as prescribed in procedures of the board as provided for in subsection (5) of this section, General Services shall give its written approval to the governmental body to enter into a lease agreement. All proposed lease renewals shall be submitted to General Services by the time specified by General Services.

(4) The board shall adopt procedures to be used for governmental bodies to apply for rental space, for acquiring leased space, and for leasing state-owned space to nonstate lessees.

(5) Any participant in a property transaction proposed to be entered who maintains that a procedure provided for in this section has not been properly followed, may request review of the transaction by the Director of the Office of General Services or his designee.

**SECTION 1-11-56. Program to manage leasing; procedures.**

The State Budget and Control Board, in an effort to ensure that funds authorized and appropriated for rent are used in the most efficient manner, is directed to develop a program to manage the leasing of all public and private space of state agencies. The board's regulations, upon General Assembly approval, shall include procedures for:

(1) assessing and evaluating agency needs, including the authority to require agency justification for any request to lease public or private space;

(2) establishing standards for the quality and quantity of space to be leased by a requesting agency;

(3) devising and requiring the use of a standard lease form (approved by the Attorney General) with provisions which assert and protect the state's prerogatives including, but not limited to, a right of cancellation in the event of:

(a) a nonappropriation for the renting agency,

(b) a dissolution of the agency, and

(c) the availability of public space in substitution for private space being leased by the agency;

(4) rejecting an agency's request for additional space or space at a specific location, or both;

(5) directing agencies to be located in public space, when available, before private space can be leased;

(6) requiring the agency to submit a multi-year financial plan for review by the board's budget office with copies sent to Ways and Means Committee and Senate Finance Committee, before any new lease for space is entered into; and requiring prior review by the Joint Bond Review Committee and the requirement of Budget and Control Board approval before the adoption of any new lease that commits more than one million dollars in a five-year period; and

(7) requiring prior review by the Joint Bond Review Committee and the requirement of Budget and Control Board approval before the adoption of any new lease that commits more than one million dollars in a five-year period.